

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR_RCP_pt01a
- 05hrAC-EdR_RCP_pt01b
- 05hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

➤ **

➤ Committee Hearings ... CH

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Hearing Records ... HR

➤ **

➤ Miscellaneous ... Misc

➤ 97hrJC-Fi_Misc_pt83_LFB

➤ Record of Comm. Proceedings ... RCP

➤ **

Medical College of Wisconsin

(LFB Budget Summary Document: Page 377)

LFB Summary Item for Which an Issue Paper Has Been Prepared

Item #

Title

-

Family Practice Residency Program (Paper #554)

MEDICAL COLLEGE OF WISCONSIN

LFB Summary Item to be Addressed in a Subsequent Paper

<u>Item #</u>	<u>Title</u>
1	Debt Service Reestimate

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Family Practice Residency Program (MCW)

CURRENT LAW

In 1996-97, \$3,190,000 GPR is appropriated to the Medical College of Wisconsin (MCW) for the development and operation of family practice residency programs.

GOVERNOR

No provision.

DISCUSSION POINTS

1. Since 1977-78, GPR has been used to support MCW's family practice residency program which consists of a three-year residency program offering medical school graduates educational training and clinical experience to become family practitioners.

2. In 1996-97, there are 121 residents being trained at five family practice residency sites affiliated with MCW: three in Milwaukee (Columbia, St. Mary's and St. Michael's Hospitals), one in Kenosha (St. Catherine's Hospital) and one in Waukesha (Memorial Hospital). MCW does not own any of these clinics; instead, it has collaborative arrangements with hospital partners that own and operate the clinics. The hospitals provide clinic support, such as technicians and nurses, as well as overhead support.

3. In 1996-97, the Department of Family and Community Medicine has budgeted revenues of approximately \$13.4 million, not including approximately \$3.0 million for residents' salaries that is paid by affiliated hospitals and is not considered part of the Department's

operating budget. Major funding sources include: (1) state GPR -- 23.9%; (2) hospitals affiliated with the Department -- 26.9%; (3) grants -- 21.5%; and (4) clinical collections -- 25%. Budgeted expenditures are approximately \$14.8 million, with the largest portion (44.1%) allocated to faculty salaries. The Department is projecting a deficit of approximately \$1.4 million in 1996-97.

4. At its March 19, 1997, briefing before the Joint Committee on Finance, MCW indicated that due to changes in federal Medicare regulations that took effect in July, 1996, the College will be required to hire one additional family medicine physician for each of its five residency sites in order to meet the new requirement for a 1:4 ratio of faculty physicians to residents at each residency site; prior to the change, this ratio was 1:6. MCW requested \$500,000 annually, or 73% of the \$682,000 required to hire five additional physicians.

5. MCW reports that it did not request this funding in its budget request submitted to DOA in September, 1996, because the College was attempting to handle the need through faculty reallocations and program restructuring. The College indicates that it has been unable to make the necessary changes using existing resources.

6. Since the March 19 briefing, MCW has reassessed its family medicine residency program staffing needs. The College expects approximately 110 residents to participate in the program in 1997-98; therefore, based on resident distribution among the five sites, MCW indicates that it would need 3.5 additional physicians to meet the federal regulations and provide enough flexibility for sick leave, vacations and emergencies.

7. The College states that if it is unable to meet these physician-to-resident ratios, it could risk losing Medicare accreditation which would severely hamper its ability to continue a family practice residency program due to the loss of reimbursement funding for many of the patients served at the residency sites. Alternatively, the College would need to reduce the number of residents being trained at these sites. Based on the residency training loads required for each of the three years of training, MCW could be required to reduce the number of first-year residents in 1997-98 from 35 to approximately 33 and would be unable to accept any additional second- or third-year residents as transfers from other residency programs.

8. MCW indicates that it could fund one-third, or \$159,100, of the estimated \$477,400 required to hire 3.5 additional physicians. The College could fund one-third of the cost of the new faculty physicians with the revenue these physicians generate through clinical practice in the approximate one-third of their time that is spent on this practice; however, this revenue would only support the patient duties, not the teaching duties, of a new physician. Therefore, the College would need an additional \$238,700 GPR in 1997-98 and \$318,300 GPR in 1998-99 to fund the remaining two-thirds of the cost of the 3.5 additional physicians. The first year funding amount is less, since it reflects nine months of salary funding.

9. MCW indicates that the hospitals would be unable to contribute funding to hire additional physicians due to their current level of support, increasing competition in the local health care market and the need to reduce costs to remain competitive.

10. Arguably, with limited state GPR available, providing funding to a private institution of higher education for programming that is not statewide in nature may not be a priority for state funding.

11. On the other hand, the residency program's mission to train family medicine physicians may represent a positive use of state resources. Since 1976, 570 family practice physicians have graduated from MCW's residency program, of which 355 (62%) have stayed to practice in Wisconsin. If the Committee wishes to provide funding to the College at a lesser amount, it could provide \$136,400 GPR in 1997-98 and \$181,900 GPR in 1998-99 which, in conjunction with MCW's one-third commitment, would provide enough funding to hire two of the 3.5 additional physicians. Under the current residency distribution, the addition of two physicians would enable MCW to maintain the expected number of residents in the family practice residency program in 1997-98, and may allow them to add several second- or third-year residents.

ALTERNATIVES TO BILL

1. Provide \$238,700 GPR in 1997-98 and \$318,300 GPR in 1998-99 to the Medical College of Wisconsin and specify that, in combination with a 50% match provided by MCW, this funding would have to be used to support the addition of 3.5 family medicine physicians for the family medicine residency program.

<u>Alternative 1</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$557,000

2. Provide \$136,400 GPR in 1997-98 and \$181,900 in 1998-99 to the Medical College of Wisconsin and specify that, in combination with a 50% match provided by MCW, this funding would have to be used to support the addition of two family medicine physicians for the family medicine residency program. Require that MCW allocate the additional physicians so as to maximize the number of family medicine residents.

<u>Alternative 2</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$318,300

3. Maintain current law.

Prepared by: Ruth Hardy

MO# Alt 1 w/mod.

change 3.5 to 2

2	BURKE	<u>Y</u>	N	A
	DECKER	<u>Y</u>	N	A
	GEORGE	<u>Y</u>	N	A
1	JAUCH	<u>Y</u>	N	A
	WINEKE	<u>Y</u>	N	A
	SHIBILSKI	<u>Y</u>	N	A
	COWLES	<u>Y</u>	<u>N</u>	A
	PANZER	<u>Y</u>	<u>N</u>	A
	JENSEN	Y	<u>N</u>	A
	OURADA	Y	<u>N</u>	A
	HARSDORF	Y	<u>N</u>	A
	ALBERS	Y	<u>N</u>	A
	GARD	Y	<u>N</u>	A
	KAUFERT	Y	<u>N</u>	A
	LINTON	<u>Y</u>	<u>N</u>	A
	COGGS	<u>Y</u>	N	A

AYE 8 NO 8 ABS

MO# Alt 2

	BURKE	<u>Y</u>	N	A
	DECKER	<u>Y</u>	N	A
	GEORGE	<u>Y</u>	N	A
	JAUCH	<u>Y</u>	N	A
	WINEKE	<u>Y</u>	N	A
	SHIBILSKI	<u>Y</u>	N	A
	COWLES	Y	<u>N</u>	A
	PANZER	<u>Y</u>	N	A
1	JENSEN	<u>Y</u>	N	A
2	OURADA	<u>Y</u>	N	A
	HARSDORF	<u>Y</u>	N	A
	ALBERS	<u>Y</u>	N	A
	GARD	<u>Y</u>	N	A
	KAUFERT	Y	<u>N</u>	A
	LINTON	<u>Y</u>	N	A
	COGGS	<u>Y</u>	N	A

AYE 14 NO 2 ABS